



4004

ANNUAL REPORT

OF

Name: INDIANHEAD TELEPHONE CO.

Principal Office: 211 MAIN ST S
P.O. BOX 428
HECTOR, MN 55342-0428
PO Box Zip Code: 55342

For the Year Ended: DECEMBER 31, 2003

TELECOMMUNICATIONS UTILITY
TO
PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854
Madison, WI 53707-7854
(608) 267-9504

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

GENERAL RULES FOR REPORTING

1. The annual report due date is April 1 of the following year. (Example: The 2002 report is due April 1, 2003.) If that date falls on a weekend or holiday, the annual report is due the following business day.
2. **Electronic filing via e-mail is required, unless additional provisional confidential treatment is desired.** Go to the Public Service Commission of Wisconsin's Web Page at <http://psc.wi.gov>, click on the Annual Reports icon, click on Annual Report Programs - Telecommunications, and click the appropriate program for Incumbent Local Exchange Carriers (LECs).
3. LEC entities with no revenues for the report year are required to file a LEC annual report.
4. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records of the utility in conformity with the Uniform System of Accounts prescribed by the Public Service Commission in docket 05-US-113. The definitions and instructions contained therein should also apply to the report wherever applicable. A query or response concerning information contained in this report regarding any practice or transaction should not be construed as indicating conformity to accounting or other pertinent regulations.
5. Please follow all instructions and answer each question fully and accurately. Provide additional information as necessary to avoid misunderstandings or misleading responses. Abbreviations listed on page 6 may be used. However, please show the exact name of the respondent in full on the Identification and Ownership page.
6. Wherever information is requested in a "note," please show that information in the space provided, or make reference to the adjacent page or insert where the note may be found. Please also identify each note. Footnote capability is included in the annual report software program. Please use it where necessary to fully explain particulars in the annual report.
7. Numeric items are limited to digits (0-9). Do not type commas when entering numbers. A minus sign "-" should be entered in the software program to indicate negative values. The program will convert the minus sign to parentheses if a hard copy of the annual report is printed. Negative values may not be allowed for certain entries in the annual report due to restrictions contained in the software program.
8. Please report all dollar amounts to the nearest thousand dollars.
9. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.
10. Wherever schedules call for data from the previous year and such data were reported in the previous annual report, the previous year's data should be reported without modification. If modified, an appropriate footnote indicator and explanation should be included in the current year's annual report.
11. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the "Individual or firm, if other than utility employee, preparing this report" portion of the Identification and Ownership schedule, which describes the nature and extent of work performed.
12. The LEC annual report program incorporates provisional confidentiality capability for selected items, based on the Commission's confidentiality determination dated January 29, 2003, as supplemented for the new nonregulated schedules and a request for additional confidential treatment dated April 15, 2004.
13. It is not necessary to manually or electronically "sign" the signature page. It is not necessary to file a hardcopy of the annual report with the Commission.

GENERAL RULES FOR REPORTING

14. **Edit Check, Confidential Listing, Exported Annual Report, and Export Status Files; Filing the Completed Report:**

Program edit checks, which are located under the Admin dropdown menu, should be run at the completion of data entry. Each edit problem lists pertinent schedule(s) as well as the nature of the problem (such as "does not equal"). Edit items should be reviewed and corrected; unresolved problems should be footnoted in the report, if necessary. This screen automatically saves the edit checks to an .edt file that may be viewed and edited (for purposes of adding necessary notations) using a word processing package such as WordPad.

The confidential listing, which is located under the Admin dropdown menu, should also be run at the completion of data entry. This will create a .clf file.

Select the annual report to export from the Main-Report Selection window. Click Admin, Export Data to PSC to start the export process. This will create an .mdb file, which will subsequently be encrypted to a file with an .sen extension. An export status file is also created (with a .txt extension). The export status report file may also be viewed in a word processing package such as WordPad. If you encounter any export errors, please contact the Commission for assistance.

The .edt, .clf, .sen, and .txt files will be zipped to a file with a .zip extension. An e-mail message will be created, addressed to pscrecs@psc.state.wi.us. The .zip file is automatically attached to the e-mail message. After the e-mail is created, it will automatically be sent to the Commission.

Once received and processed by the Commission, you will receive a response indicating that your annual report has been received and is being processed. You will be notified if there are any problems with the annual report filing.

15. **Name Changes:**

If a name change (e.g., the new name, the date of the change, and the affected entities with their respective four-digit Commission identification numbers) is identified in the report, documents from the State of Wisconsin Department of Financial Institutions (DFI) also must be submitted to the Commission:

A domestic corporation should send a copy of the stamped page from its Articles of Amendment as filed with DFI. A foreign corporation should send a copy of their Amended Certificate of Authority as issued by DFI.

These documents can be obtained by:

1. Calling DFI at (608) 261-7577;
2. Contacting DFI on the web at <http://www.wdfi.org>; or
3. By writing to DFI at P.O. Box 7846, Madison, WI 53707-7846.

A name change is not effective in the Commission's records until a separate notification letter is sent to the Commission including documentation to confirm registration of that change with the State of Wisconsin Department of Financial Institutions.

16. **Changes to the Annual Report Subsequent to Filing:**

If making revisions to the report subsequent to an electronic filing with the Commission, resubmit the report via e-mail following the procedures set forth above in item number 14. New edit check, confidential listing, exported annual report, and export status files should be created as a result of the revisions.

Revisions to an annual report previously filed on a manual basis also require a new complete manual filing.

GENERAL RULES FOR REPORTING

SIGNATURE PAGE

I LINDA J. KRAMER of
(Person responsible for accounts)

INDIANHEAD TELEPHONE CO. , certify that I
(Utility Name)

am the person responsible for accounts; that I have examined the following report and, to the best of my knowledge, information and belief, it is a correct statement of the business and affairs of said utility for the period covered by the report in respect to each and every matter set forth therein.

LINDA J. KRAMER 06/23/2004
(Person responsible for accounts) (Date)

TREASURER
(Title)

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ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Access Line	Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency transmission, and/or time slot transmission. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice channel or a 64 kilobits per second digital channel.
Analog Signal	A signal that varies in a continuous manner such as voice or music. An analog signal must be contrasted with a digital signal which can assume only discrete values.
Cellular System	A high capacity land mobile radio system in which an assigned frequency spectrum is divided into discrete channels that are assigned to a cellular geographic serving area.
Central Office	A switching unit in a telephone system providing service to the general public, having the necessary equipment and operating arrangements for terminating and interconnecting lines and trunks.
Centrex	A service for customers with many stations that permits station-to-station dialing, one listed directory number for the customer, direct inward dialing to a particular station and station identification on outgoing calls. The switching functions are performed in a central office (stand alone, host or remote).
Channel	An electrical communications path between two or more points. A single pair of wires may provide more than one channel. A channel may also be provided by microwave.
Customer	A person who uses a telephone as a subscriber.
Digital Signal	A signal that has a limited number of discrete states. This may be contrasted with an analog signal that varies in a continuous manner and may have an infinite number of states.
Equal Access	The ability of the subscriber to use any long distance service by dialing the same number of digits.
Exchange	A defined area served by one or more central offices regardless of technical serving arrangements within which the company furnishes service at rates and rules prescribed for that area in the company's filed tariffs. The area is not necessarily marked by political boundaries or the location of host or remote switching units.
Extended Area Service (EAS)	The ability of a customer to call customers in other exchanges at no additional charge or at an additional charge per tariff.
Extended Community Calling (ECC)	The ability of a customer to call customers in other exchanges at rates usually above EAS rates but below toll rates for comparable distances. Rates generally include a duration element.
Feature Group A	Line-side originating and terminating LATA access for which an originating subscriber dials an assigned telephone number that connects to a specific interexchange carrier (IC). The IC returns a tone to signal the caller to input additional generated digits of the called number.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Feature Group B	Trunk-side originating and terminating LATA access for which an originating subscriber dials a 950-WXXX number (where W=0, 1 and XXX is the carrier access code (CAC)), which is translated to a specific XXX carrier trunk group. Optional rotary dial service and ANI may be available.
Feature Group C	Trunk-side LATA access for AT&T-Communications generally on a direct basis between each end office (EO) and an AT&T-C switching system.
Feature Group D	Also referred to as equal access. It is trunk-side LATA access affording call supervision of an interexchange carrier, a uniform access code (10XXXXX), optional calling party identification, recording of access-charge billing details and presubscription to a customer specified interexchange carrier.
FX-IN	A nonswitched service where the customer of the company is connected to and receives switching service through central office equipment located in another exchange area.
FX-OUT	A switched service where facilities are provided from the central office out to the exchange boundary where it meets the line from a foreign exchange subscriber.
Host Switching System	A switching system that provides centralized control over most of the switching functions of one or more remote switching units. The host switching system usually provides trunk access to the operating company intraLATA networks.
Local Access Transport Area (LATA)	A geographic area within which an operating company may offer its telecommunications services.
Mobile Telephone	A service which provides radio telephone communication from a mobile vehicle to another vehicle or to a regular telephone.
Paging	A service which provides one-way signal or voice communication over a radio channel to a miniature receiver carried by the customer.
Pair	Two wires of a single circuit.
Pay Station	A telephone which normally requires all users to deposit one or more coins or use a credit card to complete a call.
Private Line Service	Channel or circuit rented for private use and not intended to be connected to the general distribution system.
Private Branch Exchange (PBX)	A manually, or operator controlled switching system, usually on the customer's premises, which serves that customer's telephones over a common group of lines from the central office.
Radio Common Carrier (RCC)	A company which furnishes public telecommunications service using one or more radio channels.
Remote Switching Unit (RSU)	An electronic switching system that is remote from its host or control office. All of the central control equipment for the RSU is located in the host switching system.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Route Miles	<p>Total number of route miles (to the nearest mile) of operating plant facilities including drop wire in the exchange. One route mile may consist of:</p> <ol style="list-style-type: none">1. One mile of roadway with any combination of outside plant facilities on any number of rights-of-way.2. One mile of a cross country route with any combination of outside plant facilities.3. One mile of point-to-point microwave or radio link.4. One mile of plant on either side of a limited access highway or natural barrier, such as a navigable waterway.5. One mile of joint use line where the utility either owns the facility or leases space.
Stand Alone Switch	<p>A central office switch which has no remote switching units (RSUs) subtending it.</p>
Trunk	<p>A communications path connecting two switching systems in the establishment of an end-to-end connection.</p>
Wide Area Telephone Service (WATS)	<p>Customer leased access line or lines connected to the nationwide network over which an unlimited number of calls can be made for a fixed monthly charge.</p>
Wire Center	<p>The location of one or more local switching systems. A point at which customers' loops converge.</p>

ABBREVIATIONS USED IN ANNUAL REPORTS

Acct	.....	Account
Accum	.....	Accumulated
Acq	.....	Acquisition
Admin	.....	Administrative
Alloc	.....	Allocation
Amort	.....	Amortization
CO	.....	Central Office
Depr	.....	Depreciation
Equip	.....	Equipment
Exp	.....	Expenses
EOY	.....	End of Year
FOY	.....	First of Year
Info	.....	Information
ITC	.....	Investment Tax Credit
Misc	.....	Miscellaneous
Nonoper	.....	Nonoperating
Nonreg	.....	Nonregulated
Oper	.....	Operating
Opns	.....	Operations
Orig	.....	Originating
Prop	.....	Property
Receiv	.....	Receivable
Reg	.....	Regulated
Rev	.....	Revenues
Svcs	.....	Services
Telecom	.....	Telecommunications
Term	.....	Terminating
TPIS	.....	Telecommunications Plant in Service
TPUC	.....	Telecommunications Plant Under Construction
Uncoll	.....	Uncollectible

IDENTIFICATION AND OWNERSHIP

Exact Utility Name: INDIANHEAD TELEPHONE CO.
Utility Location: 211 MAIN ST S
P.O. BOX 428
HECTOR, MN 55342-0428
P.O. BOX ZIP 55342

Utility Web Site Address: www.indianheadtel.net

When was utility organized?: 12/31/1958

Report any change in name and the effective date:

Telephone numbers for potential customers to contact company:

Business Customers: (715) 353 - 2434 Ext:

Residential Customers: (715) 353 - 2434 Ext:

Primary Utility Contact (located at utility address)

Name: MR STEPHEN ROBERTSON
Title: GENERAL MANAGER
Firm: INDIANHEAD TELEPHONE COMPANY
Office Address: N3767 4TH STREET
P.O. BOX 228
WEYERHAEUSER, WI 54895-0228
Fax Number: (715) 353 - 2868
Telephone Number: (715) 353 - 2434
Email Address: sgrob@indianheadtel.net

Officer in charge of correspondence concerning this report

Name: MRS. LINDA J. KRAMER
Title: TREASURER
Office Address: 211 MAIN STREET
P.O. BOX 428
HECTOR, MN 55342
Fax Number: (320) 848 - 2323
Telephone Number: (320) 848 - 6611 EXT 3231
Email Address: lkramer@hcctel.net

Individual or firm, if other than utility employee, preparing this report

Name:
Title:
Office Address:
Fax Number:
Telephone Number:
Email Address:

IDENTIFICATION AND OWNERSHIP

Person responsible for financial information contained in report

Name: MRS. LINDA J. KRAMER
Title: TREASURER

Office Address: 211 MAIN STREET
P.O. BOX 428
HECTOR, MN 55342

Fax Number: (320) 848 - 2323
Telephone Number: (320) 848 - 6611 EXT 3231
Email Address: lkramer@hcctel.net

Person responsible for statistical information contained in report

Name: MR. MATT SPARKS
Title: OPERATIONS MANAGER

Office Address: 211 MAIN STREET
P.O. BOX 428
HECTOR, MN 55342

Fax Number: (320) 848 - 2323
Telephone Number: (320) 848 - 6611 EXT 3216
Email Address: msparks@hcctel.net

Contact person for regulatory inquiries and complaints

Name: MR. MATT SPARKS
Title: OPERATIONS MANAGER
Firm: HECTOR COMMUNICATIONS CORPORATION
Office Address: 211 MAIN STREET
P.O. BOX 428
HECTOR, MN 55342

Fax Number: (320) 848 - 2323
Telephone Number: (320) 848 - 6611 EXT 3216
Email Address: msparks@hcctel.net

List names, addresses, and number of shares held by persons owning 5 percent or more of outstanding voting securities. If any stock is held by a nominee, give known particulars as to the beneficial owner (See Wis. Stat. § 196.795(1)(c), for definition of beneficial owner).

Name: HECTOR COMMUNICATIONS CORPORATION
Address: 211 MAIN STREET
PO BOX 428
HECTOR, MN 55342-0428

Number of Shares Held: 829
Beneficial Owner: NONE

List companies owned, controlled, or operated and form and extent of such ownership, control or operation.

Company Name: PINE ISLAND TELEPHONE COMPANY
Form of Interest: OWNERSHIP
Extent Of Interest: 31.6%

OFFICERS AND DIRECTORS

**Name, Title/Occupation
and Business Address**

Name: CURTIS A. SAMPSON Title/Occupation: CHAIRMAN OF THE BOARD Business Address (1): 211 S MAIN ST Business Address (2): PO BOX 428 Business Address (3): City State, Zip: HECTOR, MN 55342	1
Name: LINDA J. KRAMER Title/Occupation: SECRETARY/TREASURER Business Address (1): 211 S MAIN ST Business Address (2): PO BOX 428 Business Address (3): City State, Zip: HECTOR, MN 55342	2
Name: PAUL N. HANSON Title/Occupation: VICE PRESIDENT - FINANCE / DIRECTOR Business Address (1): 211 S MAIN ST Business Address (2): PO BOX 428 Business Address (3): City State, Zip: HECTOR, MN 55342	3
Name: STEVEN H. SJOGREN Title/Occupation: PRESIDENT / DIRECTOR Business Address (1): 211 S MAIN ST Business Address (2): PO BOX 428 Business Address (3): City State, Zip: HECTOR, MN 55342	4

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (000's) (b)	Last Year (000's) (c)	
Operating Revenues			
Operating Revenues (5000-5300)	2,676	2,636	1
Total Operating Revenues	2,676	2,636	
Operating Expenses			
Plant Specific Operations Expenses (6110-6410)	496	417	2
Plant Nonspecific Operations Expense	852	1,013	3
Customer Operations Expense (6610-6620)	128	117	4
Corporate Operations Expense (6720-6790)	247	402	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	301	216	7
Total Operating Expenses	2,024	2,165	
Net Operating Income	652	471	
Other Income			
Nonoperating Income and Expense (7300)	271	205	8
Nonoperating Taxes (7400)	38	58	9
Interest and Related Items (7500)	279	288	10
Extraordinary Items (7600)	0	0	11
Nonregulated Net Income (7990)	0	62	12
Total Nonoperating Income	(46)	(79)	
Net Income	606	392	

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

-
1. A summary of significant accounting policies. (The summaries should disclose, but not be limited to, the utility's accounting policies with regard to pension cost, unbilled revenues, depreciation, and income taxes.)

 2. A summary of significant contingent assets and liabilities existing at year end, including a brief explanation of any action initiated by the Internal Revenue Service, Wisconsin Department of Revenue, or the utility involving a possible assessment or refund of taxes.

 3. The notes should include an explicit and precise explanation of any retained earnings restrictions and should state the amount of retained earnings affected by such restrictions.

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY	Balance--FOY (000's) (c)	
CURRENT ASSETS			
CASH AND EQUIVALENTS			
Cash and Equivalents (1120)*	3,685	3,937	1
TOTAL CASH AND EQUIVALENTS	3,685	3,937	
RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	28	43	2
Other Accounts Receivable (1190)*	2,860	2,230	3
Other Receivables (1170)*	0	0	4
Accounts Receivable Allowance-Telecom (1181)*	5	3	5
Accounts Receivable Allowance-Other (1191)*	3	14	6
Other Allowance for Doubtful Accounts (1171)*	0	0	7
TOTAL RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS	2,880	2,256	
SUPPLIES			
Inventories (1220)*	58	62	8 D
TOTAL SUPPLIES	58	62	
PREPAYMENTS			
Prepayments (1280)*	25	39	9
TOTAL PREPAYMENTS	25	39	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	0	0	10
TOTAL OTHER CURRENT ASSETS	0	0	
TOTAL CURRENT ASSETS	6,648	6,294	
NONCURRENT ASSETS			
INVESTMENTS			
Nonregulated Investments (1406)*	0	38	11 O
RTB Class B Stock (1402)*	0	0	12
Other Noncurrent Assets (1410)*	1,695	1,477	13
TOTAL INVESTMENTS	1,695	1,515	
DEFERRED CHARGES			
Deferred Maint, Retirements and Other Deferred Charges (1438)*	0	0	14
TOTAL DEFERRED CHARGES	0	0	
OTHER JURISDICTIONAL ASSETS-NET			
Other Jurisdictional Assets-Net (1500)*	0	0	15
TOTAL OTHER JURISDICTIONAL ASSETS-NET	0	0	
TOTAL NONCURRENT ASSETS	1,695	1,515	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	11,835	11,924	16
Less: Accumulated Depreciation (3100)*	8,179	7,955	17
Less: Accumulated Amortization-Tangible (3400)*		0	18
Less: Accumulated Amortization-Capitalized Leases (3410)			19
Less: Accumulated Amortization-Leasehold Improvements (3420)			20
NET TELECOMMUNICATIONS PLANT IN SERVICE	3,656	3,969	

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (000's)	Balance--FOY (000's) (c)	
PLANT			
PROPERTY HELD FOR FUTURE USE			
Property Held for Future Telecommunications Use (2002)*	0	0	21
Less: Accumulated Depr-Held for Future Telecom. Use (3200)*	0	0	22
NET PROPERTY HELD FOR FUTURE USE	0	0	
NONOPERATING PLANT			
Nonoperating Plant (2006)*	0	0	23
Less: Accumulated Depreciation-Nonoperating (3300)*	0	0	24
NET NONOPERATING PLANT	0	0	
TPUC			
Telecommunications Plant Under Construction (2003)*	10	11	25
TOTAL TPUC	10	11	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*	0	0	26
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
GOODWILL			
Goodwill (2007)*	0	0	27
TOTAL GOODWILL	0	0	
TOTAL PLANT	3,666	3,980	
TOTAL ASSETS AND OTHER DEBITS	12,009	11,789	

BALANCE SHEET - LIABILITIES (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (000's) (b)	Balance--FOY (000's) (c)	
CURRENT LIABILITIES			
Notes Payable (4020)*	0	0	1
Other Current Accounts and Notes Payable (4000)*	214	216	2
Customers' Deposits (4040)*	0	0	3
Income Taxes-Accrued (4070)*	0	0	4
Other Taxes-Accrued (4080)*	12	0	5
Net Current Deferred Operating Income Taxes (4100)*	0	0	6
Net Current Deferred Nonoperating Income Taxes (4110)*	0	0	7
Current Maturities-Long-Term Debt (4050)*	399	389	8
Current Maturities-Capital Leases (4060)*	0	0	9
Other Current Liabilities (4130)*	65	97	10
TOTAL CURRENT LIABILITIES	690	702	
LONG-TERM DEBT			
Funded Debt (4210)*	4,939	5,342	11
Obligations Under Capital Leases (4250)*	0	0	12
Advances from Affiliated Companies (4260)*	0	0	13
Other Long-Term Debt (4270)*	0	0	14
Other Long-Term Debt and Funded Debt (4200)*	0	0	15
TOTAL LONG-TERM DEBT	4,939	5,342	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Liabilities and Deferred Credits (4300)*	0	0	16
Unamortized Operating Investment Tax Credits-Net (4320)*	1	4	17
Unamortized Nonoperating Investment Tax Credits-Net (4330)*	0	0	18
Net Noncurrent Deferred Operating Income Taxes (4340)*	142	110	19
Net Deferred Tax Liability Adjustments (4341)*	0	0	20
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	0	0	21
Deferred Tax Regulatory Adjustments-Net (4361)*	0	0	22
Other Jurisdictional Liabilities and Deferred Credits-Net (4370)*	0	0	23
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	143	114	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	33	33	24
Additional Paid-in Capital (4520)*	0	0	25
Treasury Stock (4530)*	0	0	26
Other Capital (4540)*	0	0	27
Retained Earnings (4550)*	6,204	5,598	28
TOTAL STOCKHOLDERS' EQUITY	6,237	5,631	
TOTAL LIABILITIES AND OTHER CREDITS	12,009	11,789	

IMPORTANT CHANGES DURING THE YEAR

1. Estimated increase or decrease in annual revenues due to important rate changes, giving bases of estimates. Provide details and dollar amounts for increases and decreases, respectively, by revenue category noted on Operating Revenues schedule.

2. Additional matters of fact (not elsewhere provided for) which respondent may desire to include in its report.

Adoption of Docket 05-US-113-Uniform System of Accounts for Wisconsin
Commission Report.

AFFILIATE ABBREVIATIONS

In column (b) provide the abbreviation for the name of the affiliate shown in column (a). Limit abbreviations to 10 characters or less. Use these abbreviations when completing the affiliated interest schedules. Insert "Other" in the Abbreviations column if the activity to be reported for a particular record in the Affiliated Interest Transactions or Affiliated Assets and Liabilities schedule represents an aggregation of activity not exceeding the dollar or percentage limits set forth in the header of that schedule.

Name of Affiliate (a)	Abbreviations (b)	
Hector Communications Corporation	HCC	1
Other	OTH	2
Pine Island Telephone Company	PITC	3

AFFILIATED INTEREST TRANSACTIONS

Provide a summary of transactions under established affiliated interest contracts and arrangements (see Wis. Stat. § 196.52, for "affiliated interest" definitions). Use the space below to report transactions with individual affiliates and multiple affiliated interest agreements or, at the utility's option, with individual affiliates and a single agreement. Activity associated with affiliated contracts or arrangements not in excess of \$25 (,000) or 5 percent of the equity of the utility, whichever is smaller, may be aggregated in a single record. For utilities whose intrastate gross operating revenues of the previous year exceeded \$100,000 (,000), individual contracts or arrangements not exceeding \$100 (,000) may be aggregated in a single record. Where an affiliate is both providing and receiving service use one record to show billings to and a second record for billings from. When billings to or from an affiliate are recorded on the books of the utility, the records underlying such billings shall be sufficient to show all the detail maintained to identify the associated accounts related to the billing.

Particulars	(a)	(b)	(c)	(d)	(e)
Docket		4860ATF100			
Name of Affiliate		HCC			1
Designate whether billed to or from:		FROM			2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)		C			3
Total Dollar Activity (000's)		---CONF---			4
Percent of affiliate's business billed to all affiliated regulated utilities		---CONF---			5
If cost based, rate of return on equity or markup incorporated in billings		---CONF---			6
Footnotes		M			

AFFILIATED ASSETS AND LIABILITIES

This schedule should be used to report affiliated activity concerning balances at the end of the year for the following accounts: 1160, Temporary Investments; 1120, Cash and Equivalents (for other than former account 1160); 1180, Telecommunications Accounts Receivable; 1190, Other Accounts Receivable; 1200, Notes Receivable; 1210, Interest and Dividends Receivable; 1170, Receivables (for other than former accounts 1180, 1190, 1200, and 1210); 1401, Investment in Affiliated Companies; 1408, Sinking Funds; 1410, Other Noncurrent Assets (for other than former accounts 1401 and 1408); 4010, Accounts Payable; 4020, Notes Payable; 4000, Current Accounts and Notes Payable (for other than former accounts 4010 and 4020); 4260, Advances from Affiliated Companies; and 4200, Long Term Debt and Funded Debt (for other than former account 4260). Amounts at the end of the year for each affiliate should be identified by respective affiliate and account number. Report information below consecutively by respective account number; affiliated amounts of less than \$5,000 may be reported in aggregate as "Other" for a particular account.

Name of Affiliate (a)	Account Number (b)	Balance EOY (000's) (c)	
Pine Island Telephone Company	1401	---CONF---	1

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (000's) (c)	Additions (000's) (d)	
GENERAL SUPPORT ASSETS				
Land	2111	7		1
Motor Vehicles	2112	235	23	2
Aircraft	2113	0		3
Tools and Other Work Equipment	2114	213	6	4
Buildings	2121	647		5
Furniture	2122	17		6
Office Equipment	2123	10	0	7
General Purpose Computers	2124	16		8
NET REG--GENERAL SUPPORT ASSETS:		1,145	29	
CENTRAL OFFICE ASSETS				
Non-Digital Switching	2211	0		9
Digital Electronic Switching	2212	1,122	85	10 c
Operator Systems	2220	0		11
Radio Systems	2231	0		12
Circuit Equipment	2232	2,477	30	13 c
NET REG--CENTRAL OFFICE ASSETS:		3,599	115	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	3		14
Customer Premises Wiring	2321	0		15
Large Private Branch Exchanges	2341	0		16
Public Telephone Terminal Equipment	2351	0		17
Other Terminal Equipment	2362	0		18
NET REG--INFORMATION ORIG/TERM ASSETS:		3	0	
CABLE & WIRE FACILITIES ASSETS				
Poles	2411	2		19
Aerial Cable	2421	2	0	20
Underground Cable	2422	0	0	21
Buried Cable	2423	6,631	193	22 c
Submarine and Deep Sea Cable	2424	0	0	23
Intrabuilding Network Cable	2426	0	0	24
Aerial Wire	2431	0		25
Conduit Systems	2441	0		26
NET REG--CABLE & WIRE FACILITIES ASSETS:		6,635	193	
AMORTIZABLE ASSETS				
Capital Leases	2681	0		27
Leasehold Improvements	2682	0		28
Intangibles	2690	515		29 c
Accumulated Amortization - Intangible	3500	515		30 N
NET REG--AMORTIZABLE ASSETS:		0	0	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (000's) (f)	Transfers / Adjustments (000's) (g)	Balance EOY (000's) (h)	
2111			7	1
2112	21		237	2
2113			0	3
2114			219	4
2121			647	5
2122			17	6
2123	0	0	10	7
2124			16	8
	21	0	1,153	
2211			0	9
2212	53	46	1,200	10 c
2220			0	11
2231			0	12
2232	0	8	2,515	13 c
	53	54	3,715	
2311			3	14
2321			0	15
2341			0	16
2351			0	17
2362			0	18
	0	0	3	
2411			2	19
2421	0	0	2	20
2422	0	0	0	21
2423	16	(8)	6,800	22 c
2424	0	0	0	23
2426	0	0	0	24
2431			0	25
2441			0	26
	16	(8)	6,804	
2681			0	27
2682			0	28
2690			515	29 c
3500			515	30 N
	0	0	0	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (000's) (c)	Additions (000's) (d)	
NET REG TELECOM. PLANT IN SERVICE		11,382	337	
Plus: Allocation to Nonregulated Activity - EOY	2001			31
TOTAL TELECOM. PLANT IN SERVICE - EOY				
Explain all amounts shown in column (g).				

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (000's) (f)	Transfers / Adjustments (000's) (g)	Balance EOY (000's) (h)	
	90	46	11,675	
2001			160	31
			11,835	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)

Report telecommunications plant data for each subaccount where primary plant accounts have subclassifications. Any other separate accounting for telephone plant at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subaccount (b)	Balance FOY (000's) (c)	Additions (000's) (d)	
Office Support Equipment	2123.1	3		1
Company Communications Equipment	2123.2	7		2
Digital Electronic Switching - Circuit	2212.1	1,122	85	3 c
Digital Electronic Switching - Packet	2212.2	0		4
Circuit Equipment - Electronic	2232.1	2,177	30	5 c
Circuit Equipment- Optical	2232.2	300		6 c
Aerial Cable - Nonmetallic	2421.1	0		7
Aerial Cable - Metallic	2421.2	2		8
Underground Cable - Nonmetallic	2422.1	0		9
Underground Cable - Metallic	2422.2	0		10
Buried Cable - Nonmetallic	2423.1	1,302		11 c
Buried Cable - Metallic	2423.2	5,329	193	12 c
Sub. and Deep Sea Cable - Nonmetallic	2424.1	0		13
Submarine and Deep Sea Cable - Metallic	2424.2	0		14
Intrabuilding Cable - Nonmetallic	2426.1	0		15
Intrabuilding Cable - Metallic	2426.2	0		16

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)
(cont.)

Subaccount (e)	Retirements (000's) (f)	Transfers / Adjustments (000's) (g)	Balance EOY (000's) (h)	
2123.1			3	1
2123.2			7	2
2212.1	53	46	1,200	3C
2212.2			0	4
2232.1		7	2,214	5C
2232.2		1	301	6C
2421.1			0	7
2421.2			2	8
2422.1			0	9
2422.2			0	10
2423.1		416	1,718	11C
2423.2	16	(424)	5,082	12C
2424.1			0	13
2424.2			0	14
2426.1			0	15
2426.2			0	16

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (000's) (c)	Depr Rate (d)	Annual Accrual (000's) (e)	Additional Accrual (000's) (f)	
GENERAL SUPPORT ASSETS						
Motor Vehicles	2112	198	25.0000	23		1
Aircraft	2113	0				2
Tools and Other Work Equipment	2114	114	10.0000	16		3
Buildings	2121	260	3.3300	21		4
Furniture	2122	17	10.0000			5
Office Equipment	2123	9	20.0000	1	0	6
General Purpose Computers	2124	16	25.0000			7
NET REG--GENERAL SUPPORT ASSETS		614		61	0	
CENTRAL OFFICE ASSETS						
Non-Digital Switching	2211	0				8
Digital Electronic Switching	2212	718	11.1100	129	0	9 c
Operator Systems	2220	0				10
Radio Systems	2231	0				11
Circuit Equipment	2232	2,347	11.1100	74	0	12 c
NET REG--CENTRAL OFFICE ASSETS		3,065		203	0	
INFORMATION ORIGATION/TERMINATION ASSETS						
Station Apparatus	2311	3	14.2900			13
Customer Premises Wiring	2321	0				14
Large Private Branch Exchanges	2341	0				15
Public Telephone Terminal Equipment	2351	0				16
Other Terminal Equipment	2362	0				17
NET REG--INFORMATION ORIG/TERM ASSETS		3		0	0	
CABLE & WIRE FACILITIES ASSETS						
Poles	2411	2	6.6700			18
Aerial Cable	2421	2	5.8800	0	0	19
Underground Cable	2422	0		0	0	20
Buried Cable	2423	3,758	5.8800	396	0	21 c
Submarine and Deep Sea Cable	2424	0		0	0	22
Intrabuilding Network Cable	2426	0		0	0	23
Aerial Wire	2431	0				24
Conduit Systems	2441	0				25
NET REG--CABLE & WIRE FACILITIES ASSETS		3,762		396	0	
Net Reg Accumulated Depreciation		7,444		660	0	
Plus: Nonreg Accumulated Depreciation	3100			6	0	26
Total Accumulated Depreciation				666	0	
Columns e. f and I						

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (000's) (h)	Cost of Removal (000's) (i)	Salvage (000's) (j)	Other (000's) (k)	Balance EOY (000's) (l)	
2112	21				200	1
2113	0				0	2
2114	0				130	3
2121	0				281	4
2122	0				17	5
2123	0	0	0	0	10	6
2124	0				16	7
	21	0	0	0	654	
2211	0				0	8
2212	53	0	0	18	812	9 c
2220	0				0	10
2231	0				0	11
2232	0	0	0	1	2,422	12 c
	53	0	0	19	3,234	
2311	0				3	13
2321	0				0	14
2341	0				0	15
2351	0				0	16
2362	0				0	17
	0	0	0	0	3	
2411	0				2	18
2421	0	0	0	0	2	19
2422	0	0	0	0	0	20
2423	16	0	0	(1)	4,137	21 c
2424	0	0	0	0	0	22
2426	0	0	0	0	0	23
2431	0				0	24
2441	0				0	25
	16	0	0	(1)	4,141	
	90	0	0	18	8,032	
3100						26
					8,032	

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS)

Where subclassifications of primary plant accounts are used, report below the accumulated depreciation details for each subaccount or subsidiary record. Any other separate accounting for telephone accumulated depreciation at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subacct (b)	Balance FOY (000's) (c)	Depr Rate (d)	Annual Accrual (000's) (e)	Additional Accrual (000's) (f)
Office Support Equipment	2123.1	2	20.0	1	1
Company Communications Equipment	2123.2	7	20.0		2
Digital Electronic Switching - Circuit	2212.1	718	11.11	129	3 c
Digital Electronic Switching - Packet	2212.2	0			4
Circuit Equipment - Electronic	2232.1	2,150	14.29	31	5 c
Circuit Equipment- Optical	2232.2	197	14.29	43	6
Aerial Cable - Nonmetallic	2421.1	0			7
Aerial Cable - Metallic	2421.2	2	5.88		8
Underground Cable - Nonmetallic	2422.1	0			9
Underground Cable - Metallic	2422.2	0			10
Buried Cable - Nonmetallic	2423.1	491	5.88	77	11 c
Buried Cable - Metallic	2423.2	3,267	5.88	319	12 c
Sub. and Deep Sea Cable - Nonmetallic	2424.1	0			13
Submarine and Deep Sea Cable - Metallic	2424.2	0			14
Intrabuilding Cable - Nonmetallic	2426.1	0			15
Intrabuilding Cable - Metallic	2426.2	0			16

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS) (cont.)

Subacct (g)	Retired (000's) (h)	Cost of Removal (000's) (i)	Salvage (000's) (j)	Other (000's) (k)	Balance EOY (000's) (l)	
2123.1	0				3	1
2123.2	0				7	2
2212.1	53			18	812	3 c
2212.2	0				0	4
2232.1	0			1	2,182	5 c
2232.2	0				240	6
2421.1	0				0	7
2421.2	0				2	8
2422.1	0				0	9
2422.2	0				0	10
2423.1	0			24	592	11 c
2423.2	16			(25)	3,545	12 c
2424.1	0				0	13
2424.2	0				0	14
2426.1	0				0	15
2426.2	0				0	16

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (000's) (b)	Last Year (000's) (c)	
Balance-First of Year	5,598	5,206	1
Changes:			
Balance Transferred from Income	606	392	2
Dividends Declared:			
Common	0	0	3
Preferred	0	0	4
Total Dividends Declared	0	0	
Miscellaneous Debits to Retained Earnings	0	0	5
Miscellaneous Credits to Retained Earnings	0	0	6
Balance--End of Year	6,204	5,598	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (000's) (b)	Last Year (000's) (c)	
LOCAL NETWORK SERVICES REVENUES			
Basic Local Service Revenue (5000)*	1,054	1,154	1
Basic Area Revenue (5001)			2
Private Line Revenue (5040)			3
Other Basic Area Revenue (5060)			4
TOTAL LOCAL NETWORK SERVICES REVENUES	1,054	1,154	
INTERSTATE NETWORK ACCESS SERVICES REV.			
End User Revenue (5081)*	195	169	5
Switched Access Revenue (5082)*	665	781	6
Special Access Revenue (5083)*	124	83	7 E
TOTAL INTERSTATE NETWORK ACCESS SERVICES REV.	984	1,033	
INTRASTATE NETWORK ACCESS SERVICES REV.			
End User Revenue (5081)*	0	0	8
Switched Access Revenue (5082)*	253	293	9
Special Access Revenue (5083)*	32	36	10
TOTAL INTRASTATE NETWORK ACCESS SERVICES REV.	285	329	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	4	3	11
TOTAL LONG DISTANCE NETWORK SERVICES MESSAGE REV.	4	3	
MISCELLANEOUS & NONREGULATED REVENUES			
Miscellaneous Revenue (5200)*	---CONF---	---CONF---	12
Directory Revenue (5230)	---CONF---	---CONF---	13
Nonregulated Operating Revenue (5280)*	---CONF---	---CONF---	14 F
TOTAL MISCELLANEOUS & NONREGULATED REVENUES	359	138	
GROSS OPERATING REVENUES	2,686	2,657	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*	10	21	15 G
TOTAL UNCOLLECTIBLE REVENUES	10	21	
TOTAL OPERATING REVENUES	2,676	2,636	

EXPENSES - CLASS A & B

Particulars (a)	Total This Year (000's) (b)	Total Last Year (000's) (c)	
PLANT SPECIFIC OPERATIONS EXPENSE			
Net Reg Network Support Expense (6110)	0	0	1
Net Reg General Support Expense (6120)	30	49	2 H
Net Reg Central Office Switching Expense (6210)	113	94	3 I
Net Reg Operator Systems Expense (6220)	0	0	4
Net Reg Central Office Transmission Expenses (6230)	17	32	5 I
Net Reg Information Orig. / Term. Expense (6310)	0	0	6 K
Net Reg Cable and Wire Facilities Expense (6410)	234	242	7
NET REGULATED	394	417	
PLUS: NONREGULATED	102	0	8
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	496	417	
PLANT NONSPECIFIC OPERATIONS EXPENSE			
Net Reg Other Property, Plant and Equip. Exp. (6510)	0	0	9
Net Reg Network Operations Expense (6530)	103	114	10
Net Reg Access Expense (6540)	29	26	11
Net Reg Depreciation and Amortization Expense (6560)	681	873	12 J
NET REGULATED	813	1,013	
PLUS: NONREGULATED	39	0	13
TOTAL PLANT NONSPECIFIC OPERATIONS EXPENSE	852	1,013	
CUSTOMER OPERATIONS EXPENSE			
Net Reg Marketing (6610)	6	7	14
Net Reg Services (6620)	108	110	15
NET REGULATED	114	117	
PLUS: NONREGULATED	14	0	16
TOTAL CUSTOMER OPERATIONS EXPENSE	128	117	
CORPORATE OPERATIONS EXPENSE			
Net Reg General and Administrative (6720)	244	402	17 L
Net Reg Provision for Uncollectible Notes Receiv. (6790)	0	0	18
NET REGULATED	244	402	
PLUS: NONREGULATED	3	0	19
TOTAL CORPORATE OPERATIONS EXPENSE	247	402	
NET REGULATED	1,565	1,949	
PLUS: NONREGULATED	158	0	
TOTAL EXPENSES	1,723	1,949	

EXPENSES - CLASS A & B (DETAIL)

Particulars (a)	Total This Year (000's) (b)	Total Last Year (000's) (c)	
Property Held for Future Tele. Use Exp. (6511)	0	0	1
Provisioning Expense (6512)	0	0	2
NET REG: Reported in Account 6510	0	0	
Depreciat. Exp.--Tele. Plant in Service (6561)	681	873	3 J
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)	0	0	4
Amortization Expense--Tangible (6563)	0	0	5
Amortization Expense--Intangible (6564)	0	0	6
Amortization Expense--Other (6565)	0	0	7
NET REG: Reported in Account 6560	681	873	

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to the telephone relay assessment.

Description (a)	This Year (000's) (b)	
Gross Operating Revenues	2,686	1
Plus: Collection of amounts previously written off	4	2
Less: Uncollectibles written off during the year	11	3
Plus: Total Net Reg. Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included in Gross Oper. Rev. on Line 1)	205	5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)	0	6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)	0	7
Plus (or Less) Other (please specify):	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	2,474	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (000's) (b)	
Total Basic Local Service Revenue (5000)	1,054	1
Plus: Total Intrastate Access Revenues (5081-5083)	285	2
Plus: Total Long Distance Network Services Revenue	4	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus: Intrastate Payphone Revenues	---CONF---	5
Plus (or Less) Other (please specify):	0	6
Assessable Revenues for Universal Service Fund Assessment Purposes	---CONF---	

OTHER INCOME ACCOUNTS

Particulars (a)	This Year (000's) (b)	Last Year (000's) (c)	
OTHER OPERATING INCOME AND EXPENSE			
Net Reg Other Operating Income and (Expense) (7100)	0	0	1
NET REGULATED	0	0	
PLUS: NONREGULATED	0	0	2
TOTAL OTHER OPERATING INCOME AND EXPENSE (7100)	0	0	
OPERATING TAXES			
Net Reg Operating Investment Tax Credits--Net (7210)	(4)	(3)	3
Net Reg Operating Federal Income Taxes (7220)	167	91	4
Net Reg Operating State and Local Income Taxes (7230)	42	26	5
Net Reg Operating Other Taxes (7240)	96	102	6
Net Reg Provision for Deferred Operating Income Taxes--Net (7250)			7
NET REGULATED	301	216	
PLUS: NONREGULATED	0	0	8
TOTAL OPERATING TAXES (7200)	301	216	
NONOPERATING INCOME AND EXPENSE			
Net Reg Dividend Income (7310)	18	13	9
Net Reg Interest Income (7320)	28	51	10
Net Reg Income from Sinking and Other Funds (7330)	0	0	11
Net Reg Allowance for Funds Used During Construction (7340)	2	12	12
Net Reg Gains or (Losses) from the Disposition of Certain Property (7350)	0	0	13
Net Reg Other Nonoperating Income (7360)	223	129	14
Net Reg Special Charges (7370)	0	0	15
NET REGULATED	271	205	
PLUS: NONREGULATED	0	0	16
TOTAL NONOPERATING INCOME AND EXPENSE (7300)	271	205	
NONOPERATING TAXES			
Net Reg Nonoperating Taxes (7400)	32	58	17
NET REGULATED	32	58	
PLUS: NONREGULATED	6	0	18
TOTAL NONOPERATING TAXES (7400)	38	58	
INTEREST AND RELATED ITEMS			
Net Reg Interest and Related Items (7500)	279	288	19
NET REGULATED	279	288	
PLUS: NONREGULATED	0	0	20
TOTAL INTEREST AND RELATED ITEMS (7500)	279	288	
EXTRAORDINARY ITEMS			
Net Reg Extraordinary Items (7600)	0	0	21
NET REGULATED	0	0	
PLUS: NONREGULATED	0	0	22
TOTAL EXTRAORDINARY ITEMS (7600)	0	0	
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)	0	62	23
TOTAL NONREGULATED NET INCOME (7990)	0	62	
TOTAL NET REGULATED	883	829	
TOTAL NONREGULATED	6	0	
TOTAL OTHER INCOME ACCOUNTS	889	829	

NONREGULATED ACCUMULATED DEPRECIATION

Plant Account (a)	Acct (b)	Annual Accrual (000's) (c)	Additonal Accrual (000's) (d)	Balance EOY (000's) (e)	
---CONF---	-CONF-	---CONF---	---CONF---	---CONF---	1
---CONF---	-CONF-	---CONF---	---CONF---	---CONF---	2
---CONF---	-CONF-	---CONF---	---CONF---	---CONF---	3
Total Nonregulated Accumulated Depreciation		6	0	147	

NONREGULATED INCOME STATEMENT

Particulars (a)	This Year (000's) (b)	Last Year (000's) (c)	
NONREGULATED REVENUES			
Nonregulated Operating Revenue (5280)	---CONF---	---CONF---	1
NONREGULATED EXPENSES			
Plant Specific Operations Expense			
Nonregulated Network Support Expense (6110)	---CONF---	---CONF---	2
Nonregulated General Support Expense (6120)	---CONF---	---CONF---	3
Nonregulated Central Office Switching Expense (6210)	---CONF---	---CONF---	4
Nonregulated Operator Systems Expense (6220)	---CONF---	---CONF---	5
Nonregulated Central Office Transmission Expense (6230)	---CONF---	---CONF---	6
Nonregulated Information Orig./Term. Expense (6310)	---CONF---	---CONF---	7 K
Nonregulated Cable and Wire Facilities Expense (6410)	---CONF---	---CONF---	8
Total Nonregulated Plant Specific Operations Expense	102	0	
Plant Nonspecific Operations Expense			
Nonregulated Other Property, Plant and Equip. Exp (6510)	---CONF---	---CONF---	9
Nonregulated Network Operations Expense (6530)	---CONF---	---CONF---	10
Nonregulated Access Expense (6540)	---CONF---	---CONF---	11
Nonregulated Depreciation and Amortization Expense (6560)	---CONF---	---CONF---	12
Total Nonregulated Plant Nonspecific Operations Expense	39	0	
Customer Operations Expense			
Nonregulated Marketing (6610)	---CONF---	---CONF---	13
Nonregulated Services (6620)	---CONF---	---CONF---	14
Total Nonregulated Customer Operations Expense	14	0	
Corporate Operations Expense			
Nonregulated General and Administrative (6720)	---CONF---	---CONF---	15
Nonregulated Provision for Uncollectible Notes Receivable (6790)	---CONF---	---CONF---	16
Total Nonregulated Corporate Operations Expense	3	0	
TOTAL NONREGULATED EXPENSES (Excluding Other Income Accts.)	158	0	
OTHER NONREGULATED INCOME ACCOUNTS			
Nonregulated Other Operating Income and Expense (7100)	0		17
Nonregulated Operating Taxes (7200)	0		18
Nonregulated Nonoperating Income and Expense (7300)	0		19
Nonregulated Nonoperating Taxes (7400)	6		20
Nonregulated Interest and Related Items (7500)	0		21
Nonregulated Extraordinary Items (7600)	0		22
NONREGULATED NET INCOME	41	0	

NONREGULATED ACTIVITIES

List the type of nonregulated activities that the company is involved in.

Nonregulated Activity (a)	
---CONF---	1
---CONF---	2
---CONF---	3

NONREGULATED INVESTMENTS

Particulars (a)	Balance EOY (000's) (b)	
Telecommunications Plant in Service - Allocation to Nonregulated Activity	160	1
Accumulated Depreciation - Allocation to Nonregulated Activity	147	2
Telecommunications Plant Under Construction - Allocation to Nonregulated Activity	---CONF---	3
Inventories - Allocation to Nonregulated Activity	---CONF---	4
Net Deferred Operating Income Taxes - Allocation to Nonregulated Activity	---CONF---	5
Net Nonregulated Investments	---CONF---	

NONREGULATED TELECOMMUNICATIONS PLANT IN SERVICE

Plant Account (a)	Account (b)	Balance EOY (000's) (c)	
---CONF---	---CONF---	---CONF---	1
---CONF---	---CONF---	---CONF---	2
---CONF---	---CONF---	---CONF---	3
TOTAL NONREGULATED TELECOMMUNICATIONS PLANT IN SERVICE		160	

EMPLOYEE DATA - END OF YEAR

Report employee data based on primary allocation of respective wages and salaries.

Particulars (a)	Employees (b)	
Plant Operations		
Supervisory & Management	1	1
Central Office	1	2
Outside Plant	4	3
Building & Service	0	4
Other	0	5
Customer Operations		
Supervisory & Management	0	6
Operators	0	7
Business Office	4	8
Other	0	9
Corporate Operations		
Executive & General Management	0	10
Accounting & Finance	0	11
External Relations	0	12
Human Resources	0	13
Information Management	0	14
Legal	0	15
Procurement	0	16
Research & Development	0	17
Other	0	18
Other		
All Other Employees, Not Listed Above	0	19
Total Employees	10	
Part-Time Employees	2	20
Full-Time Employees	8	21
Total Part-Time and Full-Time Employees	10	

TELEPHONE CALLS AND MINUTES OF USE PER MONTH

Enter average number, in thousands, of calls and minutes of use per month. The averages may be based on actual counts taken periodically during the year. Please provide level of detail available.

Item (a)	Telephone Calls (000's) (b)	Minutes of Use (000's) (c)	
LOCAL			
Intra-Exchange	---CONF---	---CONF---	1
Extended Area Service	---CONF---	---CONF---	2
Extended Community Calling	---CONF---	---CONF---	3
Other Local-Undefined	---CONF---	---CONF---	4
Total Local	373	1,903	
TOLL			
Toll	122	449	5
Total Toll	122	449	
Total Local & Toll	495	2,352	

ACCESS USAGE

Enter number, in thousands, of Billed Minutes.

Description (a)	Billed Minutes (000's)				
	Interstate InterLATA (b)	Intrastate InterLATA (c)	Intrastate IntraLATA (d)	Interstate IntraLATA (e)	
Feature Group A -- Orig.	---CONF---	---CONF---	---CONF---	---CONF---	1
Feature Group A -- Term.	---CONF---	---CONF---	---CONF---	---CONF---	2
Feature Group B -- Orig.	---CONF---	---CONF---	---CONF---	---CONF---	3
Feature Group B -- Term.	---CONF---	---CONF---	---CONF---	---CONF---	4
Feature Group C -- Orig.	---CONF---	---CONF---	---CONF---	---CONF---	5
Feature Group C -- Term.	---CONF---	---CONF---	---CONF---	---CONF---	6
Feature Group D -- Orig.	---CONF---	---CONF---	---CONF---	---CONF---	7
Feature Group D -- Term.	---CONF---	---CONF---	---CONF---	---CONF---	8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	129	1
Strand miles of plant - fiber optics	3,117	2
Route miles of plant - microwave	0	3

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	---CONF---	---CONF---	1
56 kbps	---CONF---	---CONF---	2
64 kbps (DS0)	---CONF---	---CONF---	3 B
1.54 Mbps (DS-1)	---CONF---	---CONF---	4 B
45 Mbps (DS-3)	---CONF---	---CONF---	5 B
SONET OC-1	---CONF---	---CONF---	6
SONET OC-3	---CONF---	---CONF---	7
SONET OC-12	---CONF---	---CONF---	8
SONET OC-48	---CONF---	---CONF---	9
SONET OC-192	---CONF---	---CONF---	10

SERVICE DATA

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Business			
1 Party	---CONF---	---CONF---	3
2 Party	---CONF---	---CONF---	4
4 Party	---CONF---	---CONF---	5
PBX Trunks/System Trunks	---CONF---	---CONF---	6
Centrex Trunks	---CONF---	---CONF---	7
Centrex Lines	---CONF---	---CONF---	8
Key System Trunks	---CONF---	---CONF---	9
Mobile (Utility Provided Service)	---CONF---	---CONF---	10
Paging (Utility Provided Service)	---CONF---	---CONF---	11
FX-Out (Switched)	---CONF---	---CONF---	12
Pay Telephone	---CONF---	---CONF---	13
Coin-Operated Pay Telephone	---CONF---	---CONF---	14
Independent Pay Telephone Provider	---CONF---	---CONF---	15
Other	---CONF---	---CONF---	16
Total Business Lines	337	322	17
Residential (Incl. Emp. Concess.)			
1 Party	---CONF---	---CONF---	19
2 Party	---CONF---	---CONF---	20
4 Party	---CONF---	---CONF---	21
FX-Out (Switched)	---CONF---	---CONF---	22
Other	---CONF---	---CONF---	23
Total Residential Lines	2,036	2,031	24
Total Bus & Res Lines	2,373	2,353	25
Company Used Lines	30	30	26
Total Lines Used	2,403	2,383	27

SERVICE DATA (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Miscellaneous			
WATS Lines - OutWATS	---CONF---	---CONF---	3
WATS Lines - 800 Service	---CONF---	---CONF---	4
FX-In-intraLATA	---CONF---	---CONF---	5
Special Access-intraLATA			6
(expressed in equiv. access lines)	---CONF---	---CONF---	7
Special Access-interLATA			8
(expressed in equiv. access lines)	---CONF---	---CONF---	9
Feature Group A Lines	---CONF---	---CONF---	10
Feature Group B Trunks	---CONF---	---CONF---	11
Feature Group C Trunks	---CONF---	---CONF---	12
Feature Group D Trunks	---CONF---	---CONF---	13
TSPS - Trunks	---CONF---	---CONF---	14
EAS and ECC - Trunks	118	118	15
Cellular Trunks (Pub. Sw. Net.)	---CONF---	---CONF---	16
Video Distance Learning	1	1	17
- discounted (special tariff)			18
Customers			
Number of Lifeline customers at FOY (January 1, 2003)			19
and EOY (December 31, 2003):	46	55	20
Number of Linkup customers connected during			21
FOY (Calendar year 2002) and EOY (Calendar year 2003):	3	8	22
Other			
Total Company Square Miles	399	399	23
Total Company Route Miles	679	679	24
Footnotes			25
			26

SERVICE DATA - END OF YEAR

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	1820	4460	5820		1
Business					2
1 Party	---CONF---	---CONF---	---CONF---		3
2 Party	---CONF---	---CONF---	---CONF---		4
4 Party	---CONF---	---CONF---	---CONF---		5
PBX Trunks/System Trunks	---CONF---	---CONF---	---CONF---		6
Centrex Trunks	---CONF---	---CONF---	---CONF---		7
Centrex Lines	---CONF---	---CONF---	---CONF---		8
Key System Trunks	---CONF---	---CONF---	---CONF---		9
Mobile (utility provided service)	---CONF---	---CONF---	---CONF---		10
Paging (utility provided service)	---CONF---	---CONF---	---CONF---		11
FX-Out (Switched)	---CONF---	---CONF---	---CONF---		12
Pay Telephone	---CONF---	---CONF---	---CONF---		13
Coin-Operated Pay Telephone	---CONF---	---CONF---	---CONF---		14
Independent Pay Telephone Provider	---CONF---	---CONF---	---CONF---		15
Other	---CONF---	---CONF---	---CONF---		16
Total Business Lines	---CONF---	---CONF---	---CONF---	0	17
Residential (Incl. Emp. Concess.)					18
1 Party	---CONF---	---CONF---	---CONF---		19
2 Party	---CONF---	---CONF---	---CONF---		20
4 Party	---CONF---	---CONF---	---CONF---		21
FX-Out (Switched)	---CONF---	---CONF---	---CONF---		22
Other	---CONF---	---CONF---	---CONF---		23
Total Residential Lines	---CONF---	---CONF---	---CONF---	0	24
Total Bus & Res Lines	---CONF---	---CONF---	---CONF---	0	25
Company Used Lines	---CONF---	---CONF---	---CONF---		26
Total Lines Used	---CONF---	---CONF---	---CONF---	0	27

SERVICE DATA - END OF YEAR (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	1820	4460	5820		1
Miscellaneous					2
WATS Lines - OutWATS	---CONF---	---CONF---	---CONF---		3
WATS Lines - 800 Service	---CONF---	---CONF---	---CONF---		4
FX-In-intraLATA	---CONF---	---CONF---	---CONF---		5
Special Access-intraLATA					6
(equiv. access lines)	---CONF---	---CONF---	---CONF---		7
Special Access-interLATA					8
(equiv. access lines)	---CONF---	---CONF---	---CONF---		9
Feature Group A Lines	---CONF---	---CONF---	---CONF---		10
Feature Group B Trunks	---CONF---	---CONF---	---CONF---		11
Feature Group C Trunks	---CONF---	---CONF---	---CONF---		12
Feature Group D Trunks	---CONF---	---CONF---	---CONF---		13
TSPS - Trunks	---CONF---	---CONF---	---CONF---		14
EAS and ECC - Trunks	---CONF---	---CONF---	---CONF---		15
Cellular Trunks (Pub. Sw. Net.)	---CONF---	---CONF---	---CONF---		16
Video Distance Learning					17
- discounted (special tariff)	---CONF---	---CONF---	---CONF---		18
Other					19
Exchange Square Miles	---CONF---	---CONF---	---CONF---		20
Exchange Route Miles	---CONF---	---CONF---	---CONF---		21
Footnotes					22

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Manufacturer Name (a)	Abbreviation (b)	
Alcatel	AL	1
ATTC	ATT	2
GTE	GTE	3
ITT	ITT	4
Lucent	ATT/LUC	5
Nippon Electric	NEC	6
Northern Telecom	NTI	7
Siemens	SI	8
Stromberg-Carlson	SC	9
VIDAR	VI	10

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Equipment Type (a)	Abbreviation (b)	
Electromechanical	EM	1
Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

CENTRAL OFFICE DATA - END OF YEAR

When an exchange has more than one central office, data must be reported for each central office.

Description (a)	Central Off. (b)	Central Off. (c)	Central Off. (d)	Central Off. (e)	
Exchange Name	EXELAND	RADISSON	WEYERHAEUSER		1
PSCW Exchange ID	1820	4460	5820		2
Central Office Name	EXELAND	RADISSON	WEYERHAEUSER		3
PSCW Central Office ID	1	1	1		4
Central Office CLLI Code	EXLDWIXA943	RDSNWIXA945	WYHRWIXA353		5
Manufacturer of COE (Page 54)	NTI	NTI	NTI		6
Year COE Installed	1999	1999	1991		7
Type of Equipment (Page 54)	D	D	D		8
(S)tandalone, (H)ost, (R)emote, (A)dv Fiber Comm	R	R	H		9
Remote Host PSCW Exchange ID	5820	5820			10
Remote Host PSCW Central Office ID	1	1			11
COE Generic Software Release No.	503.1	503.1	503.1		12
SS7?	Yes	Yes	Yes		13
9-1-1?	Yes	Yes	Yes		14
Access Lines - In Use	---CONF---	---CONF---	---CONF---		15
- Equipped	---CONF---	---CONF---	---CONF---		16
- Wired	---CONF---	---CONF---	---CONF---		17
Trunks - In Use	---CONF---	---CONF---	---CONF---		18
- Equipped	---CONF---	---CONF---	---CONF---		19
- Wired	---CONF---	---CONF---	---CONF---		20
ISDN Available?	Yes	Yes	Yes		21
ISDN Lines - In Use (BRI)	---CONF---	---CONF---	---CONF---		22
- In Use (PRI)	---CONF---	---CONF---	---CONF---		23
XDSL Available?	Yes	Yes	Yes		24
- In Use (# lines)	---CONF---	---CONF---	---CONF---		25
Switched 56 Service?	No	No	No		26
Switched 56 lines in use	---CONF---	---CONF---	---CONF---		27
Digital Transmission Facilities: DS-1 - In Use	---CONF---	---CONF---	---CONF---		28
DS-3 - In Use	---CONF---	---CONF---	---CONF---		29
Advanced Data Service Available:					
Packet Switching?	No	No	No		30
SMDS?	No	No	No		31
Frame Relay?	No	No	No		32
ATM (Asynchronous Trans. Mode)?	No	No	No		33
Video Information - Service Available?	No	No	No		34
- In Use (# lines) ¹	---CONF---	---CONF---	---CONF---		35
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	---CONF---	---CONF---	---CONF---		36
No. of fiber strands working (LIT) in C.O.	---CONF---	---CONF---	---CONF---		37
No. of fiber strands for interoffice use	---CONF---	---CONF---	---CONF---		38
Miles of fiber sheath in wire center	---CONF---	---CONF---	---CONF---		39
Access Tandem Serving this C.O.:					
- C.O. Name	ELK LAKE	ELK LAKE	ELK LAKE		40
- PSCW C.O. ID	1740-01	1740-01	1740-01		41
Does this C.O. do access tandem switching?	No	No	No		42
Footnotes					43

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES**General Footnote**

First of year data has not been modified to conform to the new USOA. No first of year data has been restated for non regulated accounts.

Schedule Footnotes

Schedule Line Footnotes

- B)** 45 MBPS (DS 3)- We have 1 circuit under special tariff for Video Distance Learning. This is under contract so is not counted as a special circuit.

64 Kbps (DS0) - We have not received an order for this type of circuit.

1.54 Mbps Intrastate - Currently no circuit in use.

- C)** Transfers were made in 2003 to properly classify equipment, as follows:
\$27,686 from software to Digital Electronic Switching 2212.1,
\$1,508 Electronic Ckt Eq. 2232.1 to Optical Ckt Eq 2232.2,
\$7,985.44 from buried cable 2423.2 to Electronic Ckt Eq. 2232.1,
\$416,614 from buried cable metallic 2423.2 to buried cable non-metallic 2423.1,
\$18452.90 from Internet equipment to Digital Electronic Switching 2212.1

Depreciation was adjusted accordingly.

- D)** Includes non-regulated inventory.

- E)** Account 5083.1 Interstate Special Access revenue is higher in 2003 due to additional DS1 circuits installed.

- F)** Account 5280 has zero in 2002 as we were not required to provide a breakdown of nonregulated operating revenue.

- G)** Account 5300 uncollectible revenue - in 2002, \$13,462 of the uncollectible operating revenue was due to the Global Crossing and Worldcom bankruptcy filings.

- H)** Account 6120 General Support Expense was higher in 2002 because of the repair and moving of generators.

- I)** Account 6210 Central Office Switching Expense is \$19,000 higher in 2003 than in 2002. Account 6230 CO Transmission Expense has decreased \$15,000 in 2003 from 2002. More time was spent working with central office switching in 2003 than with central office transmission.

- J)** Account 6560 Depreciation expense is lower in 2003 due to a large portion of subscriber equipment being fully depreciated.

- K)** 2002 value for account 631000 on non regulated income statement is zero, as this information was not required for 2002. We did not restate 2002 information.

- L)** Expenses for account 6720 General and Administrative are allocated based on access lines. The number of access lines sharing the total expense in 2003 was greater than in 2002, resulting in a lower expense for Indianhead Telephone Co.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

- M)** Indianhead Telephone Company (ITC) is a wholly owned subsidiary of Hector Communications Corporation (HCC). HCC has a wholly-owned or majority-owned interest in nine local exchange telephone companies, including ITC. HCC, acting through its general offices and employees, provided services to its subsidiary companies to aid in their operations.

Charges for services provided by HCC to its subsidiaries are calculated based on a management service agreement. This agreement has been approved by the Rural Utilities Service and the Wisconsin Public Service Commission (Notice 4860-ATF-100). Under the agreement, charges from HCC to the subsidiaries are at cost. HCC does not earn any profit for providing these services.

Services provided by HCC to ITC include:

Local service and CABS billing. HCC is a service bureau for its subsidiaries with respect to billing and CABS. HCC provides the personnel, computer hardware and software necessary to maintain ITC's customer base, toll and CABS data management and processing, and rating. HCC generates bills for all of ITC's customers (end-users of IXC's). HCC also provides management information service support for other ITC data processing requirements.

Plant administration support. HCC uses its greater size to negotiate better prices for materials and services required by ITC and its other subsidiaries. HCC also provides technical, consulting and forecasting support on construction projects.

Human resources. HCC provides, or negotiates with other suppliers to provide human resource management for its subsidiaries. HCC provides payroll functions and employee benefits management, including group health and life insurance, 401(k) savings and ESOP.

- N)** Accumulated amortization - Intangible is the depreciation for central office software. Software has been depreciated at a 50% rate and is fully depreciated.
- O)** Non regulated investments which were previously reported on Line 11 of balance sheet-assets are reported for the year 2003 on pages 45-nonreg plant in service and nonreg accum depr.